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November 8, 1996

Federal Communications Commission
Office of Secretary

William Caton
Acting Secretary
Federal Communications Commission
1919 M. Street, NW
Washington, DC 20554

Re: Telephone Number Portability, CC Docket No. 95-116

Dear Mr. Caton:

This letter serves to respond to the ex partes filed recently by AT&T¹ and MCI² regarding Query on Release (QoR). The letters from both of these companies contain inaccurate and misleading information, and in many cases, simply reiterate old arguments (to which we have already fully responded).

AT&T and MCI argue that there is no significant difference in costs between LRN and QoR. As support, they point to the variability of costs estimated by incumbent LECs. However, even AT&T understands networks differ in architecture and capability. In comments to the CPUC on the same subject, AT&T admitted "The absolute cost to implement LNP will vary from network-to-network."³ AT&T's attempt to use that variability to imply some underhanded costing is illogical and misleading.

¹ Letter from Frank Simone, AT&T to William Caton, dated October 29, 1996.

² Letter from Leonard Sawicki, MCI to William Caton, dated October 28, 1996.

³ AT&T Communications of California, Inc. (U5002 C) Supplemental Local Number Portability Report to the California Public Utilities Commission, filed June 4, 1996.

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AT&T and MCI also claim that we have omitted certain call set up costs in order to "make QoR appear cheaper." AT&T attempts to import into the QoR discussion, costs we have filed showing why access rates for switching should transition to a flat call set up charge plus a minute of use for the duration of the call. There is a major flaw in AT&T's analysis. To deploy QoR, we need not take QoR routing attempt costs into account. We already have our network engineered for this capacity (0% porting). Today, we make call attempts and complete calls. No additional money needs to be spent by us for call attempts to donor switches to deploy QoR. Such costs are sunk costs and hence will not vary because of the LRN or QoR selection. To determine the most appropriate way to deploy LNP, we must look at how much we need to *spend* in order to comply with the FCC's order. We are not talking about cost recovery here, we are talking about capital budgets and how much it will cost us, out of our pocket, to deploy the number portability capability.⁴

AT&T and MCI also allege that our assumptions are flawed in that we failed to include offsetting revenue from non-participating carriers, and that we are increasing our costs by using a nonstandard blocking factor (.3 erlangs). Again, these characterizations are misleading. As to offsetting revenues, we will receive such revenue with or without QoR, it does not factor into a cost difference analysis. And, as to our engineering, we are planning the AIN network for LNP in the same way, and to the same engineering specifications, that we do for other services. Our engineering guidelines are prudent and not in violation of any industry-accepted standard. In fact, AT&T has met with Pacific Bell and has agreed to this (.3 erlang) standard.

AT&T also purports to show flaws in our cost study (we notice they used a cost study from June, 1996, even though more current information is on file with the Commission. The June 1996 study explicitly noted that it did not take into account switch real-time impacts, which are significant).⁵ First, their quotations suffer from serious misquoting (our calculations were at 20, 30 and 40% porting, not 10, 20 and 30% as noted). And, as we pointed out to the CPUC, AT&T's assumptions are flawed in that they (1) ignore the difference in SCP costs, which are a significant cost difference between LRN and QoR; (2) miscalculate the effect of QoR on ISDN user part (ISUP) traffic by 67%; (3) miscalculate the average TCAP effect by 10%; (4) include an unreasonable holding time for QoR. In addition, the AT&T numbers are based on a hypothetical network; not the network of any real incumbent LEC. We have submitted recent cost studies on the cost differences between QoR and LRN which show the assumptions and justification for the \$100M - \$130M we will save with QoR.

⁴ The second flaw in AT&T analysis is that the costs involved in setting up a call for access purposes are not the same as making the signaling attempt in a QoR environment. With QoR, it is simply an SS7 message that gets sent to the switch. No trunks are seized, no switching of the call occurs. Thus, even the sunk costs incurred in performing the signaling attempt are much smaller than costs involved in setting up a "real" call.

⁵ AT&T and MCI claim LRN costs are inflated due to inclusion of nonparticipating carrier traffic. Our study did not include any nonparticipating traffic.

As to claims based on the FCC's performance criteria, AT&T incorrectly asserts that criteria 6 is that LNP not result in any degradation of service quality. Of course, the criteria requires that it not result in "unreasonable degradation."⁶ And, as we have shown, any additional post dial delay is imperceptible. Interestingly, AT&T acknowledges that for intraswitch LRN calls (which do the same "look ahead" function as does QoR), "the switch knows in a matter of microseconds if the number is on that switch." AT&T doesn't explain why those microseconds are okay for LRN, but not QoR.

Similarly, AT&T claims that "Since LRN treats ported and non-ported numbers the same..."⁷ But LRN does not treat ported and non-ported the same. For example, assume AT&T has two customers on the same switch. With LRN when customer A calls customer B the call completes in a "matter of microseconds" (per AT&T ex parte) with no database query. If customer B ports, when customer A calls customer B, using LRN, the call takes approximately one second to complete. Why is this acceptable? AT&T paints a biased view of how to apply criteria #6. As shown, both LRN and QoR treat ported and non-ported differently.

Various other inaccuracies are present in these filings:

- AT&T writes "LRN signal loads are easy to determine since all interoffice intraLATA calls require a query; QoR loads are more difficult to forecast since they're based on % ported." While this may be true, this line of reasoning would also require interexchange competition to be abandoned since long distance trunk engineering is easier if all IEC calls are routed to AT&T.
- AT&T writes "With PDD for intraLATA interswitch calls on the order of 2-3 seconds, one second PDD adds 33-50% to the PDD." However, LRN adds one second to call setup which will also add a 33-50% increase to the PDD. Why is it ok for LRN and not for QoR?
- MCI claims that we exaggerated the number of ISCP pairs needed and the impact to switch processors. It is telling that MCI offers no evidence. We worked closely with our ISCP and switch vendors to derive the numbers we used. How does MCI know something about our vendor products or our traffic levels that we don't know?
- MCI claims we failed to include software costs. This is incorrect. Our study clearly shows that we did include software costs in our LRN Vs QoR analysis.

⁶ 47 CFR 52.3(a)(5).

⁷ AT&T Letter, p.8 (unnumbered).

QoR is an important functionality that has many benefits. It can be deployed at the same time and is compatible with LRN, it permits a ramp-up of network functionality as porting becomes more popular, it allows a smooth transition to LRN, if LRN is justified from an engineering standpoint, and it saves the industry, and the consumers, millions of dollars.

Sincerely,

A handwritten signature in black ink, reading "Alan Hammer". The signature is written in a cursive, flowing style.

cc: John Nakahata
Lauren Belvin
Daniel Gonzalez
James Casserly
Susan McMaster
Jason Karp
Jeannie Su
Mindy Littell